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**RUSSIAN NATIONAL SENTENCED ON  
COMPUTER INTRUSION CHARGES**

SACRAMENTO – United States Attorney McGregor W. Scott announced today that ALEKSEY VLADIMIROVICH IVANOV, 23, formerly of Chelyabinsk, Russia, was sentenced at the federal courthouse in Hartford, Connecticut by United States District Judge Alvin W. Thompson, based on a joint prosecution involving five U.S. Attorneys Offices. IVANOV was sentenced to a term of imprisonment for forty-eight (48) months, to be followed by three (3) years of supervised release. The five districts investigating and prosecuting the case included the U.S. Attorney's Offices in the Eastern and Central District of California, the Districts of Connecticut and New Jersey, and the Western District of Washington.

IVANOV had previously pleaded guilty to charges in each of the five districts and admitted to numerous charges of conspiracy, computer intrusion (i.e., "hacking"), computer fraud, credit card fraud, wire fraud, and extortion. Those charges stemmed from the activities of IVANOV and others who operated from Russia and hacked into dozens of computers throughout the United States, stealing usernames, passwords, credit card information, and other financial data, and then extorting those victims with the threat of deleting their data and destroying their computer systems. In sentencing IVANOV, the district judge described his participation as a "manager or supervisor" in an "unprecedented, wide-ranging, organized criminal enterprise" that "engaged in numerous acts of fraud, extortion, and intentional damage to the property of others, involving the sophisticated manipulation of computer data, financial information, and credit card numbers." The district judge found that IVANOV was responsible for an aggregate loss of approximately \$25 million under the Sentencing Guidelines.

United States Attorney McGregor W. Scott noted that this case highlights the international character of computer hacking, as a Folsom company became a victim. U.S. Attorney Scott praised the coordinated prosecution effort of the other offices and commended the FBI and local Sacramento Office for their persistence on the case.

On August 16, 2001, IVANOV was charged in a thirteen-count indictment in the Eastern District of California with conspiracy and computer intrusion charges involving a Folsom Internet services company. According to the indictment Ivanov obtained root-level or administrator-level access to a victim's computer, and then installed "hacking" tools known as a "backdoor" which provided the defendant an unauthorized access point to the victims' computer network. The indictment further stated that Ivanov contacted the victims whose computers he had accessed and compromised, for the purpose of demanding and extorting money from those victims. As part of this demand for money, the defendant typically advised the victims that the

defendant had the ability to further damage their computer systems. The indictment alleged that Ivanov also used the victim company as a shell or conduit for further hacking attacks on other companies to avoid any detection or exposure to their computer systems in Russia.

VPM Internet Services, was founded in 1995 and is based in Folsom, California. VPM is a Full Service Internet Services Provider that provides services to the national and international business community, including Internet connectivity, web hosting, design and other services. VPM is considered to be one of the largest international Business to Business Full Service Providers with nearly 15,000 local access POP's [Points of Presence] around the world in 150 countries.

Ivanov and an associate were arrested in Seattle on November 10, 2000, after traveling to the United States during an investigation by the FBI. Ivanov and his associate, who is awaiting trial on similar charges in Seattle, came to the United States for a "job interview" with Seattle-based computer security company called Invita. However, Invita was in fact an undercover FBI company that allowed investigators to obtain evidence needed to charge the two Russians. Ivanov, remained in custody during his prosecution.

This case was investigated by the Federal Bureau of Investigation, and was prosecuted by Assistant United States Attorneys Mark G. Califano and Shawn J. Chen in the District of Connecticut; Arif Alikhan in the Central District of California; Scott Christie in the District of New Jersey; Mark Krotoski in the Eastern District of California; and Floyd Short, as well as retired Assistant United States Attorney Stephen Schroeder in the Western District of Washington.

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